

**ST. MARY'S UNIVERSITY  
FACULTY OF BUSINESS  
DEPARTMENT OF MARKETING MANAGEMENT**

**An Assessment of Customer Relationship  
Management Practice: The Case of  
SHAMA Plc.**

**By:  
Neima Reshad**

**JUNE 2014  
SMU  
ADDIS ABABA**

**AN ASSESSMENT OF CUSTOMER RELATIONSHIP  
MANAGEMENT PRACTICE: THE CASE OF SHAMA PLC.**

**A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT  
OF MARKETING MANAGEMENT**

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**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF BACHELOR OF ARTS IN  
MARKETING MANAGEMENT**

**BY:**

**Neima Reshad**

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## **LIST OF ABBREVIATION**

CRM - Customer Relationship Management

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# **APPENDICES**

**Appendix -A-**  
**St. Mary's University**  
**Faculty of Business**  
**Department of Marketing Management**  
**Questionnaire to be filled by customers of Shama plc.**

**Objectives of the Questionnaire:-**

This questionnaire is prepared by a prospective graduate of St. Mary's university in the year 2014 in the field of marketing management for partial fulfillment of a senior paper entitled "An assessment of Customer Relationship Management practice in the case of SHAMA plc."

**Dear respondents**

Your response to the questions is significant for the successful accomplishment of the above objective. Thank you very much in advance for your willingness and sincere cooperation and any response that you provide is strictly confidential.

**General Instruction**

- Writing your name is not necessary.
- Put "√" in the boxes accompanied by various choices, to make your answers.
- If you have any additional information please write it shortly on the space provided at the end.

**Part I General characteristics of the respondents**

1. Gender    A. Male        B. Female   

2. Age        A. 18 – 27 years            C. 38 –47 years   

                  B. 28 – 37 years            D. Above 47 years   

3. Educational status

A. 12<sup>th</sup> complete        B. Diploma        C. Degree        D. Masters & above

**Part II Questions directly related to the study**

**Factors to be considered while implementing CRM**

1. For how long you have been a customer of Shama plc?

- A. < 1 year  C. 6-10 years   
B. 1-5 years  D. > 10 years

2. The company identifies customer's needs and wants when offering books for sale?

- A. Strongly agree  C. Neutral  E. Strongly disagree   
B. Agree  D. Disagree

3. How do you rate the sales person's performance in customer handling?

- A. Very Good  C. Neutral  E. Very bad   
B. Good  D. Bad

4. How do you rate the knowledge of sales peoples in providing information?

- A. Very Good  C. Medium  E. Very poor   
B. Good  D. Poor

5. On which area of Customer Relationship Management the company's performance is better?

- A. Customer handling  C. Employees motivation on job   
B. Complaint handling  D. communication with customers   
E. Any other \_\_\_\_\_

6. What do you think that the company lacks in practicing Customer Relationship Management?

- A. Keeping promises  C. Contact with customers   
B. Handling customers  D. Lack of communication   
E. Any other \_\_\_\_\_

## **How CRM enhances company's performance**

7. How do you evaluate the company's relationship with you?

- A. Very Good       C. Neutral       E. Very bad   
B. Good       D. Bad

8. How do you rate the customer relationship improvement in the company?

- A. Very strong       C. Neutral       E. Very poor   
B. Strong       D. Poor

9. The company has close communication with all customers?

- A. Strongly agree       C. Neutral       E. Strongly disagree   
B. Agree       D. Disagree

## **Benefits through enhancing CRM strategy**

10. I am satisfied with the company's current overall customer relationship management performance?

- A. Strongly agree       C. Neutral       E. Strongly disagree   
B. Agree       D. Disagree

11. I would become regular customer if the company provides:

- A. Better customer service       C. Better communication   
B. Better complaint handling       D. Offer based on my need   
D. Any other \_\_\_\_\_

12. How do you evaluate the company in delivering its promise when processing ordered books?

- A. Very Good       C. Neutral       E. Very Bad   
B. Good       D. Bad

13. I am very much loyal to the company because it meets my demand.

- A. Strongly agree       C. Neutral       E. Strongly disagree   
B. Agree       D. Disagree

14. Compared to competitors the company (Shama) has build good image in the minds of customers through Customer Relationship Management.

- A. Strongly agree       C. Neutral       E. Strongly disagree   
B. Agree       D. Disagree

### **Tools for effective complaint handling**

15. The company provides convenient system for customers in forwarding their complaints.

- A. Strongly agree       C. Neutral       E. Strongly disagree   
B. Agree       D. Disagree

16. How do you rate the company's method of providing solution for your complaint?

- A. Very Good       C. Fair       E. Bad   
B. Good       D. Unfair       F. Very bad

17. How quick the company gives timely response for your complaint?

- A. Very quick       C. Medium       E. Very late   
B. Quick       D. Late       F. No response

18. I am satisfied with the compensation I received from the company?

- A. Strongly agree       C. Neutral       E. Strongly disagree   
B. Agree       D. Disagree

19. What would you do if your complaint not handled well for the first time?

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20. If you have any suggestions regarding customer relationship management of the company you are welcome to specify below.

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**Thank you for your kind response and cooperation !!**



**Appendix -B-**  
**St. Mary's University**  
**Faculty of Business**  
**Department of Marketing Management**  
**Interview Checklist**

**Dear Marketing and Sales Department,**

This interview is organized to assess customer relationship management practice of SHAMA PLC. Your genuine response will have much use to the prospective graduate in the department of marketing management. The student researcher would like to thank you for your cooperation in responding the following questions.

1. How do you evaluate the company's overall customer relationship management?
2. What are the factors that affect customer relationship management in the company?
3. What are the challenges you faced on conducting customer relationship management?
4. To what level the company could enhance its performance regarding customer relationship management?
5. What is your plan for improvement of customer relationship management?
6. What do you do to improve employee's performance?
7. How does your company try to keep its promises when serving customers?
8. What methods are used by the company to handle customers complaint?
9. What action taken to build good relationship with customer?
10. What actions are undertaken to keep customer's loyalty?

# DECLARATION

## CANDIDATE'S DECLARATION

I, the undersigned, declare that this senior essay is my original work, prepared under the guidance of Ibrahim Fedlurahman. All sources of materials used for the manuscript have been duly acknowledged.

Name: **NEIMA RESHAD**

Signature: \_\_\_\_\_

Place of Submission: **ST. MARY'S UNIVERSITY DEPARTMENT OF  
MARKETING MANAGEMENT**

Date of Submission: \_\_\_\_\_

## ADVISOR'S DECLARATION

This paper has been submitted for examination with my approval as the university advisor.

Name: **IBRAHIM FEDLURAHMAN**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1. Background of the Study**

Marketing, more than any other business function, deals with customers. Marketing is managing profitable customer relationship. The two fold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction. Highly successful companies know that if they take care of their customers, market share and profit will follow. Sound marketing is critical for the success of every organization. If the marketer does a good job of understanding consumer need; develop products that provide superior value; and prices, distributes and promotes them effectively, these products will sell very easily. Marketing involves building profitable, value-laden exchange relationship with customers. Marketing also can be defined as a process by which companies create value for customers and build strong customer relationship in order to capture value from customers in return (Kotler and Armstrong, 2002).

Anderson and Kerr, (2002) explained that, customer Relationship Management (CRM) is a comprehensive approach for creating, maintaining, and expanding customer relationship. CRM is about growing advocates and finding new ways to add value. In today's business implementing CRM is non-negotiable. Whether your customers are internal or external, consumers or businesses, whether they connect to you electronically or face to face, across town or across the globe CRM is your ticket to success. CRM can be the single strongest weapon you have as a manager to ensure that customers become and remain loyal (Anderson and Kerr, 2002).

In addition to this, the balance between relatively high costs of relationships with customers and the need to maintain profit growth needs to be finely tuned, if marketing is not to revert back to a transactional paradigm. Likewise, the increased customer expectations have created a competitive climate where by the quality of the relationship between the customer and the institution has taken a greater significance. The development of effective customer relationships

is widely advocated as a key element of marketing strategies in the business sector (Ennew, 1996).

Different scholars have written more about CRM and a company Shama plc which the research conducted on, has been practicing CRM for a while. Shama plc established in 1999. The favorable economic climate created in Ethiopia together with the great demand for publication of high quality has been essential factors in the launch of Shama Books which is located around Piassa. Shama Books had four Ethiopian staff and was managed by a publishing expert from the United States. Shama published its first book on 2000 and has been producing international standard books and also has been focused on publishing books that highlight and celebrate Ethiopia ever since. It has released several practices on travels, historical and scientific books that have been recognized for the unknown any mysterious country they portray. Under the objective of producing books for Ethiopia and Ethiopians, Shama has published books on the unique history, flora and fauna, places and peoples of Ethiopia. Since then Shama has continued to climb to the top of the Ethiopian publishing business with books that are unparalleled in their quality and content.

In addition to publishing Shama plc engaged in serving a large market by selling books through different sales outlets which are located at different corners of Addis Ababa. These outlets perform the whole selling activity of books of different categories which are published in Shama as well as books which are imported from foreign countries like Europe and other. The selling activity of each sales outlet will be performed in conjunction with the main head office which is located around Piassa. The Category of books like history, fiction, biography, text books, children books, health/medical books, religion, reference, education,.....etc are available in the book shop.

## **1.2. Statement of the Problem**

CRM is listening to customers, understanding their needs, and carefully coordinating the whole company's effort to create customer value and to build lasting relationship with them. CRM integrates everything that a company's sales, service, and marketing teams know about individual customers to provide a 360-degree view of the customer relationship. By using CRM to understand customers better, companies can provide

higher levels of customer service and develop deeper customer relationship. They can use CRM to pinpoint high value customers, target them more effectively, cross-sell the company's product, and create offers tailored to specific customer requirements (Kotler and Armstrong, 2006). Moreover, kotler (2000) pointed out that, to have a great relationship with customers, there are five relationship building strategies that can be used by the company from the beginning those are- Basic marketing; Reactive Marketing; Accountable Marketing; Proactive Marketing; and Partnership Marketing.

Since the company Shama plc engaged in publishing and selling of books to different types of customers which incorporates; consumers or final users, business customers, resellers and the like, the nature of the business itself enables the company to contact with many kinds of customers. Most of the time, the company's first contact with customers starts through the aforementioned sales outlets at different sites and also there are situations that customers might go directly to the head office for different purposes. Having vast branches as well as contacting many types of customers needs a great and thorough effort regarding customer relationship management. However the company only uses the database and gives a very little concern for other overall CRM practices. With regard to the customer database, instead of performing better using it, the company uses the customer database "which consists of potential and profitable customers list" only for the purpose of inviting them for a book reading session and to inform them whenever new books are arrived to the different sales outlets of the company. In general the company's performance and exerted effort for the basic customer relationship management practices seems unsatisfactory. The company's way of handling customer complaints has a doubt that it goes to the favorable extent of customers. The company's relationship with customers doesn't seem effective and couldn't lead to "need-based offering". Across the different sales outlets of the company, the way of treating and handling customers by the sales people lacks uniformity which could be a result of insufficient training. And at last whenever importing ordered books there is delay in overall order processing.

The modern well managed and organized CRM is a tool for the success of any company and it is a means for; better identification of customers, better close relationship with them, a means for need based offering, and

delivering superior customer value and satisfaction. On the other hand, inappropriate and inadequate practice of CRM, negligence on the above mentioned relationship issues, may cost the company with regard to customer switching, customer disappointing, customer disloyalty and also losing high profit margin which could be gained from those potential and profitable customers. From touch points provided on the previous paragraph, one can easily identify that SHAMA PLC's current practice and what the overall CRM theory indicates has a vast gap (problem) which needs high improvement. The aforementioned problems initiate the student researcher to conduct the research.

### **1.3. Basic Research Questions**

After the study has been completed the student researcher answered the following basic questions:

1. What factors are considered while implementing CRM?
2. How CRM enhances company's performance?
3. What benefits the company could get through enhancing its CRM strategy?
4. What CRM tools the company could use for effective complaint handling?

### **1.4. Objective of the Study**

#### **1.4.1. General Objective**

The general objective of the study is to assess the Customer Relationship Management (CRM) practice of SHAMA PLC.

#### **1.4.2. Specific Objectives**

The following are specific objectives that the student researcher aimed to achieve after the accomplishment of this paper:

- To identify factors which needs to be considered while implementing customer relationship management;
- To examine how CRM enhances company's performance;

- To point out benefits the company could get through enhancing its CRM strategy;
- To describe the CRM tools the company could use for effective complaint handling

## **1.5. Significance of the Study**

At the completion stage of this study, beside its academic achievements the company will be benefited from the conclusion by indicating ways to improve its CRM strategy in addition to this the student researcher will gain experience and knowledge on the research topic. More over this research can serve as a reference for other researchers who are interested to study the same or related topic.

## **1.6. Delimitation of the Study**

### **Subject**

In the study of CRM practices, many things could be incorporated. For instance Customer handling, compliant handling, creating close communication with customers, maintaining and managing the relationship with them, managing the database, and offering based on their need. However, for this study purpose the student researcher focused mainly on the customer handling, compliant handling and creating close communication with customers.

### **Population**

When conducting the study the student researcher addressed the manager of marketing & sales department as well as customers in selected sales outlets. The reason behind is that the marketing activities are undertaken in this department. Regarding customers, since it's difficult to address all company's customers, the student researcher conducted the research on the selected, high transactional three sales outlets.

## **Area**

Since the customers in all sales outlets were many in number and it was impossible to address all of them the student researcher selected customers from three branches, which are found at Piassa, Abyot and Arat kilo branch. These locations were selected for the reason that they have more customer contact and interaction as compared to all other branches.

## **Time**

The time limit of the research was from Jan, 2011-Dec, 2013. The reason behind this was the documents which were available and accessible addresses the mentioned year.

## **1.7. Research Design and Methodology**

### **1.7.1. Research Design**

To address the above mentioned problems and to conduct the study that assesses customer relationship management practice of SHAMA plc. the student researcher conducted descriptive research method. Because this research method helps in describing and determining the CRM practice of SHAMA plc.

### **1.7.2. Population and Sampling Techniques**

So as to gather appropriate information the student researcher took customers at the selected sales outlets as a population. In addition to this the manager of marketing and sales department was also contacted as unit of the study.

The student researcher used non-probability specifically convenience sampling approach. Since the exact number and list of customers was not available, it wasn't possible to determine the sample frame. Therefore, according to Malhotra (2006), when there is no sample frame, the sample size that usually taken for studies conducted particularly on problem solving research, the minimum size is 200. Hence, a total number of 200 customers were taken as a sample size, of which 70 was selected from Piassa, 65 from Abyot, and 65 were from Arat kilo branch.



### **1.7.3. Types of Data Collected**

In order to conduct the research and to get first hand information for the study the student researcher collected primary data from primary sources which were customers at the mentioned three sales outlets and the marketing and sales department manager of the company.

The secondary data on the other hand, obtained from the company's record which were previously collected and recorded.

### **1.7.4. Method of Data Collection**

To collect data from primary source the student researcher used questionnaire and interview data gathering methods.

The student researcher used questionnaire data collection method as a main tool for gathering data from the customers which were found at the mentioned three outlets and interview data collection method was applied to gather data from the manager of marketing and sales department.

### **1.7.5. Method of Data Analysis**

As suggested by the marketing research literatures the student researcher analyzed responses obtained from close ended questions using percentage and presented in tables. On the other hand, responses obtained from open ended questions and interviews were narrated and used to support the analysis.

## **1.8. Limitation of the Study**

While conducting the research study there were some factors that hindered the study not to be carried out as it was expected from which: the marketing & sales department manager was too much busy and was not easily accessible for interview, there were customers who refused to fill the questionnaire, and distributed questionnaires were not fully returned for analysis. Even though, the student researcher finally collected the necessary data to conduct the research paper.

## **1.9. Organization of the Paper**

The research paper organized in four chapters. The first chapter presents the introduction part and it consists of Background of the Study, Statement of the Problem, Objective of the Study, Significance of the Study, Delimitation of the Study, Research Design and Methodology, Limitation of the Study and Organization of the Paper. The second chapter deals with the Review of Related Literature of the study. The third chapter concerned with Data Presentation, Analysis and Interpretation. Finally, the fourth chapter contains Summary, Conclusion and Recommendation. In addition to this bibliography and appendices attached at the end of the paper.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITRATURE**

#### **2.1. An Overview of Customer Relationship Management**

##### **2.1.1. What is Relationship?**

At the very least a relationship involves interaction over time. If there is only a one-off transaction, like buying a vacuum cleaner from a specialist outlet, most of us wouldn't call this a relationship. Thinking in terms of a dyadic relationship, that is a relationship between two parties, if we take this interaction over time as a critical feature, we can define the term "relationship" as follows. A relationship is composed of a series of interactive episodes between dyadic parties over time (Buttle, 2009).

As has been mentioned, the customer's relationship with an organization or brand is as important, if not more important, than product or price advantages. Research suggests that it costs five times more to attract a new customer than it does to keep an old one. Consider for a moment the cost of marketing, sales, commissions, accountancy, administration, credit and bad debt collection for a new customer, and contrast this with the non-recurring costs for repeat customers (Roberts, 2001).

##### **2.1.2. Relationship Quality**

This discussion of trust and commitment suggests that some relationships can be thought to be of better quality than others. Researches on relationship quality generally sites trust and commitment as a core attributes of a high quality relationship. However, a number of other attributes have also been identified including relationship satisfaction, mutual goals and cooperative norms. Relationship satisfaction is not the same as commitment. Commitment to a supplier comes as investments are made in the relationship, and investments are only made if the committed party is satisfied with their transactional history. Given that CRM implementations are often designed to build closer mere value-laden relationships with customers, it makes sense for managers to be aware of the quality of the relationship they have with customers (Buttle, 2009).

Any meaningful relationship between a customer and a business enterprise begins with the expectation of mutual benefits. Through such a relationship the customers expect to

- (a) Realize the cost savings,
- (b) Improve the efficiency of their decision making,
- (c) Reduce their risk by dealing trust worthy companies, service and products,
- (d) Acquire a solution that is tailored for their particular needs and budgets, or
- (e) Realize the social and other value-added benefits such as simplifying their choice process (Shajahan, 2004).

### **2.1.3. Definitions of Customer Relationship Management**

CRM is a core business strategy that aims to create and deliver value to targeted customers at a profit. This clearly denotes that CRM is not just about IT. CRM integrates internal processes and functions. That is, it allows departments within businesses to dissolve the silo walls that separate them. Access to 'customer- related data' allows selling, marketing and service functions to be aware of each other's interaction with customers. Furthermore, back-office functions such as operations and finance can learn from and contribute to customer related data. Access to customer related data allows members of a business's external network '\_suppliers, partners, distributors\_' to align their efforts with those of the focal company (Buttle, 2009).

As stated by Richard, (2004), CRM is any measurable activity that creates, builds, exploits, or harvests and maintains a direct relationship between you and your customer through a number of different touch points. In addition to this CRM is a business philosophy that is successfully implemented by installing and utilizing CRM technology: by developing and executing a customer relationship strategy. Moreover, it is a concept for managing customer relationship across different points of customer contact.

According to Shajahan, (2004), CRM is the process of managing the detailed information about individual customers and carefully managing all the customer "touch points" with the aim of maximizing customer loyalty.

Anderson et.al, (2002) discussed that "The purpose of a business is to create customers." Done right, CRM is both a strategy and a tool, a weapon, if you will. In your hands, and in the hands of your employees, CRM comes to life,

keeping you and your team on course and able to anticipate the changing landscape of the marketplace. With CRM, loyal customers aren't a happy accident created when an exceptional customer service representative, salesperson or product developer intuits and responds to a customer need. Instead, you have at your fingertips the ultimate advantage—customer intelligence: data turned into information and information turned into a customer-satisfying action.

#### **2.1.4. Evolution of CRM**

Kotler and Armstrong, (2002) stated that CRM is perhaps the most important concept of modern marketing. Until recently, CRM has been defined narrowly as a customer data management activity. By this definition, it involves managing detailed information about individual customers and carefully managing customer “touch points” in order to maximize customer loyalty. More recently, however, CRM has taken on a broader meaning. In this broader sense, CRM is the overall process of building and maintaining profitable customer relationship by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers.

Most companies were located close to the market they served, and knew their customers intimacy, very often there would be face-to-face, even day-to-day interaction with customers where knowledge of customers requirements and preferences grew. However, as companies have grown larger they have become more remote from the customer they serve. The remoteness is not only geography; it may also be cultural. Geographic and cultural remoteness, together with business owner and management separation from customer contact, means that many, even small, companies do not have the intuitive knowledge and understands of their customers so often found in micro-businesses. This has given rise to demand for better customer-related data, a cornerstone of effective CRM (Buttle, 2009).

### **2.2. Benefits of Customer Relationship Management**

As Kurtz (2002) said, a CRM may be chosen because it is taught to provide the following advantages;

**First**, the cost of retaining current customer is much less than the cost of obtaining customers,

**Second**, a customer who has developed a strong relationship with firms will tend to use that firm more often, resulting in higher sales per customer.

**Third** benefit of CRM is the positive word of mouth communication generated by current customers to prospective customers.

In addition to this, Buttle, (2001) indicates that the fundamental reason for companies want to build relationship with customers is economic issue. Companies generate better result when they manage their customer base in order to identify, satisfy and retain the most profitable customer. In addition to this the important rationale for CRM is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty.

Buttle, (2009) also added that, Companies motivated to adopt CRM for both **Defensive** and **Offensive** reasons.

**Defensive motivations**; are associated with a desire to improve profitability by reducing cost, and increasing revenues through improved customer satisfaction and loyalty.

**Offensive motivations**; arise when leading competitors have adopted CRM successfully, and a company fears losing customers, and revenues companies thinking of adopting CRM faces a significant problems.

Moreover, Shajahan, (2004) also stated that, the motives of a business enterprise in a meaningful relationship are more transparent. These motives include;

- (a) Gaining an advantage that cannot be easily copied by the competitors,
- (b) Reducing the high costs of acquiring new customers,
- (c) Improving the predictability and efficiency of their operation, and
- (d) Reducing their risk exposure.

### **2.2.1. Types of CRM**

As Shajahan, (2004) stated according to the functionality of the software tools, the CRM could be divided into;

- a. Analytical CRM:** this implies the use of data modeling and profiling to accomplish the CRM goals
- b. Collaborative CRM:** This implies the tools that should not be used while directly engaging and interacting with the customers.

- c. Operational CRM;** This implies the 'back end' systems, which unify the business operations and deliver the products.

Whereas, according to Buttle's, (2009) statement, there are four types of CRM which will be discussed here under;

**2.2.1.1. Strategic CRM-** strategic CRM focused up on the development of a customer-centric business culture. This culture is dedicated to winning and keeping customers by creating and delivering value better than competitors. The culture is reflected in leadership behaviors, the design of formal system of the company, and myths and stories that we created within the firm.

**2.2.1.2. Operational CRM-** operational CRM automates and improves customer facing and customer supporting business processes. CRM software applications enable the marketing, selling, and serving functions to be automated and integrated.

**2.2.1.3. Analytical CRM-** analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer related data to enhance both custom end company values.

**2.2.1.4. Collaborative CRM-** Collaborative CRM is the term used to describe the strategic and tactical alignment of normally separated enterprises in the supply chain for the more profitable identification, attraction, retention and development of customers.

## **2.2.2. CRM Strategy**

In the ideal world, every organization would have a clearly defined CRM strategy. After all, effectively satisfying customers is the foundation of any organization's success. And your resulting CRM strategy will help put you and your team ahead of your competition. A well-defined CRM strategy statement is your roadmap for CRM success. And a good strategy uses everyday language, supports measurable goals, and includes a workable plan (Anderson and Kerr, 2004).

CRM is a way of thinking about and dealing with customer relationship. We might also use the word strategy here because, done well, CRM involves a clear plan. In fact, we believe that your CRM strategy can actually serve as a bench mark for every other strategy in your organization. As Preet o. (2002)

organizational strategy that doesn't serve to create, maintain or expand relationship with your target customer doesn't serve the organization.

CRM is an enterprise-wide strategy for presenting a single face to the customer. The CRM could respond to issue relating to the customer data sharing, besides providing a seamless contact and fulfillment experience for the customer. The CRM front-end applications usually integrate with the back-end systems such as the accounting and manufacturing for a true enterprise-wide solution (Shajahan, 2004).

### **2.2.3. Objectives of Customer Relationship Management**

The primary goal of customer relationship management is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm will focus on the attraction, retention, and enhancement of customer relationship (kotler, 2000).

Many firms have large number of customers, many different touch points, at multiple geographic locations. At a single large facility, it's unlikely that a customer will be served by the same front line staff on two consecutive visits. In such situations, managers historically locked the tools to practice relationship marketing. But today, CRM systems act as an enabler, capturing customer's information and delivering it to the various touch points. And this can be seen from two perspectives.

**From a customer perspective**, well-implemented CRM systems can offer a "unified customer interface".

**From a company perspective**, CRM systems allow the company to better understand, segment, and tier its customer base (Lorelock and Wirtz, 2004).

### **2.2.4. Implementation of CRM**

When you implement your CRM strategy, you will capture and analyze data about your targeted customers and their targeted buying habits. From this wealth of information, you can understand and predict customer behavior. Marketing efforts, armed with this customer intelligence, are more successful at both finding brand new customers and cultivating a deeper share of wallet from current customers. Customer contacts, informed by detailed information about customer preferences, are more satisfying (Anderson and Kerr, 2002).



According to Roberts, (2001) There are **Three** main elements to consider when aligning your business towards a customer relationship format.

The **first:** is to do with retention. Imagine that you were never to gain another new customer, this would probably be a horrifying thought for most businesses, but when you considered it carefully you would realize that if you just kept the customers that you have then you would probably be able to grow and prosper in much the same way as you are now. There are of course exceptions. Most businesses only get a small percentage of the share of each of their customers. In addition most businesses will lose customers at a rate of somewhere between 15-50 per cent per annum. This leaky bucket effect is not only expensive; it is also reasonably un motivating for the staff who have to serve these customers.

The **second:** stage is to develop customer potential: turning that one off infrequent casual customer into a higher spending, more frequent, referring advocate.

The **third:** element of customer relationship management and perhaps the most controversial one is the de-selection of customers. If a company or organization were to put more of its efforts into its existing customers it would make sense that it did this with customers that had the greatest potential. This means that at some point, it has to start to lose those customers that are not ones that offer long-term future value. This might be because of transaction spend, the value of a customer or the cost of transacting or dealing with that customer or customer group.

Moreover, Buttle, (2009) suggests, there are five major phases of a CRM implementation

- I. Develop CRM strategy;
- II. Build CRM project foundations;
- III. Needs specification and partner selection;
- IV. Project implementation;
- V. Evaluate performance;

### 2.3. Customer Relationship Levels

Companies can build customer relationship at many levels, depending on the nature of the target market.

**At one extreme**, a company with many low-margin customers may seek to develop basic relationship with them.

**At the other extreme**, in markets with few customers and high margin, sellers want to create full partnership with key customers.

Today, most leading companies are developing customer loyalty and retention programs. Beyond offering consistently high value and satisfaction, marketers can use specific marketing tools to develop strong bonds with consumers (Kotler and Armstrong, 2002).

Shajahan, (2004) describes the five different levels of customer relationship as follows;

- **Basic marketing;** here, the sales person simply sells the product.
- **Reactive marketing;** here, the sales person simply sells the product and encourages the customer to call if he or she has questions, comments or complains.
- **Accountable marketing;** Here, the salesperson telephones the customer to ask the customer for any product or service improvement suggestions and any specific disappointments.
- **Pro-active marketing;** Here, the salesperson contacts the from time to time with suggestions about improved product uses or new products.
- **Partnership marketing;** Here, the company works continuously with its large customers to help improve their performance.

Roberts, (2001) also suggests **The four steps to relationship management.**

The four steps to moving your organization closer to a relationship based management program are:

1. Segmentation
2. Analyzing current behavior
3. Developing strategy to achieve target behaviors
4. Behavior maintenance.

## 2.4. CRM Success Factors

According to Shajahan, (2004) the core of CRM effectiveness lays in the deep and reliable customer information. In other words, the companies should know as much about each customer as possible, and, in many cases, much more than they have known at present.

As Lorelock and Wirtz, (2004) stated that, a good relationship starts with a good fit. If company's wanted to build successful customer relationship, they need to be selective about the segments they target.

Anderson and Kerr, (2002) suggests that While clear intention fuels the power of CRM, there are several other success factors to consider. We will focus on five of the most important here. Organizations that implement CRM with a strong return on investment share these characteristics.

### ➤ **Strong internal partnerships around the CRM strategy**

We said earlier that CRM is a way of doing business that touches all areas of your organization. This means that you and your management peers need to form strong internal partnerships around CRM. If you and your organization are early on the road to CRM implementation, now is the time to bring your CRM needs to the table, and to be open to listening to the CRM needs of other areas. You may find that you have requirements that are, at least potentially, in conflict. Resist the temptation to go to war for what you need. If your organization has gone off the partnership road with CRM, then now is the time to come back together and rebuild partnership with the area that is currently championing CRM. Let them know that you appreciate what they have done. Let them know what data you have to offer and help them understand how you plan to use the data you request from them.

### ➤ **Employees at all levels and all areas accurately collect information for the CRM system**

Employees are most likely to comply appropriately with your CRM system when they understand what information is to be captured and why it is important. They are also more likely to trust and use CRM data when they know how and why it was collected.

➤ **CRM tools are customer- and employee-friendly.**

CRM tools should be integrated into your systems as seamlessly as possible, making them a natural part of the customer service interaction.

➤ **Report out only the data you use, and use the data you report**

Just because your CRM tool can run a report doesn't mean it should. Refer back to your CRM strategy, and then run the data you will actually use. And share that data with your team.

➤ **Don't go high-tech when low-tech will do**

Organizations that successfully implement CRM look for the simplest solution when implementing their CRM strategy. A low-tech solution that works for the people who actually use it is more effective than a high tech solution that is cumbersome, costly and apt to be discarded or inconsistently implemented.

## **2.5. Handling Customers Complaint**

### **2.5.1. Why do customers complain?**

Wirtz et.al, (2004) stated that in general studies of customer complaining behavior have identified **Four** main purposes for complaining;

- ❖ **Obtain restitution or compensation.** Often consumers complain to recover some economic loss by seeking a refund, compensation, and/or have the service performed again.
- ❖ **Vent their anger.** Some customers complain to rebuild self-esteem and/or to vent their anger and frustration.
- ❖ **Help to improve the service.** When customers are highly involved with the service, they give feedback to try and contribute toward service improvements.
- ❖ **For altruistic reasons.** Finally, some customers are motivated by altruistic reasons. They want to spare other customers from experiencing the same problems, and they might feel bad if a problem is not highlighted.

## 2.5.2. Why are customers lost?

Many surveys have been carried out over recent years to try to understand why customers defect. While the answers may vary by customer and organization, survey after survey highlights similar trends and reasons.

### ❖ Price

While it may be important in attracting new customers, it would seem that it is a minor issue in developing loyalty and retaining customers. Most research in this area, though varying by industry and country, rarely puts price at more than 15 per cent as the reason for switching suppliers or business.

### ❖ Physical factors

Such physical factors as a 'more convenient location' are also ranked quite low, as are competitor action and invention. Marketing and competitor activity and a relationship with a competitor are about 15 per cent. The competitor product's advantages can often account for the further 10 to 15 per cent.

However, one of the most common and significant reasons for customer switching and disloyalty is the **indifference and inattention of the business** and, from the customer's point of view, the lack of any real reason to stay. Most surveys highlight poor service as a more common reason for switching suppliers than price advantage. This can also be supported by the general observations of marketing specialists, who detect the following changes in consumer and business purchasing behavior:

### ❖ Customer sophistication

Customers not only expect and demand more they are also more articulate in saying so. Twenty years of dramatic social change – in housing, lifestyle, education, travel etc – have changed the way many of us select the businesses we use.

### ❖ Complexity

Buying even the simplest product or service can, if the customer wishes, be a very complex decision-making process. The blurring of differences between brands, products and companies; the dynamic interaction between a product and the level of service behind it, both during a sale and afterwards, make it difficult to isolate buying motivations and criteria.

## ❖ **Competition**

In almost every market in every developed country of the world, competition has increased dramatically in the last ten years. Globalization, advanced manufacturing technology and many other factors have led to business becoming faster, having a higher quality, being quicker to innovate and being more price-competitive etc (Roberts, 2001).

### **2.5.3. Customer Value**

Attracting and retaining customers can be a difficult task. Customers often face a bewildering array of products and services from which to choose. A customer buys from the firm that offers the highest customer perceived value—the customer's evaluation of the difference between all the benefits and all the costs of a marketing offer relative to those of competing offers (Kotler and Armstrong, 2002).

In addition to this Kotler, (2000) stated that customer delivered value is the difference between total customer value and total customer cost. Total customer value is the bundle of benefits customers expect from a given product or service. Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, using and disposing of the product or service.

### **2.5.4. Customer Loyalty**

Loyalty is an old fashioned word that has traditionally been used to describe fidelity and enthusiastic devotion to a country, and individual. More recently it has been used in a business context to describe a customer's willingness to continue patronizing a firm over the long run, purchasing and using its goods and services on a repeated and preferably exclusive basis, and recommending the firm's products to friends and associates (Wirtz et.al, 2004).

Lorelock et.al, (2004) shared the idea and added that, the foundation for true loyalty lies in customer satisfaction highly satisfied or even delighted customers are more likely to become loyal apostle of a firm, consolidate their buying with one supplier, and spread positive word of mouth. In contrast, dissatisfaction drives customers away and is a key factor in switching behavior.

In simple terms, loyalty is best defined as a state of mind, a set of attitude, beliefs, and desire. Most of the companies benefit from the customers loyal behavior, which is an end-result of the positive state of mind shown by the business enterprises in serving their customers (Shajahan, 2004).

According to Buttle, (2009), there are two major approaches to defining and measuring loyalty, one based on behavior, and the other on attitude.

- **Behavioral loyalty** is measured by reference to customer purchasing behavior. Loyalty is expressed in continued patronage and buying.

- **Attitudinal loyalty** is measured by reference to components and attitude such as beliefs, feelings and purchasing intention. Those customers who have a stronger performance for, involvement in, or commitment to a supplier are the more loyal in attitudinal terms.

### **2.5.5. Building a loyal relationship**

Roberts, (2001) describes, if you can build a truly customer-orientated business that treats customers as individuals and focuses on their lifetime value, you can move from purchase transactions to transformational relationships– in other words, numerous ways to increase profitability while decreasing the cost of doing business. While the stress will always be on delivering a personalized service to your customers, there are some general things you should do – and some you should avoid.

One of the most important, yet unrealized, opportunities in the strengthening of customer loyalty lies in complaint resolution. Such interactions are critical to how the customer will think of your organization and discuss it with others. It is also an opportunity to determine the needs that your organization might effectively meet, for this particular customer (Roberts, 2001).

Shajahan, (2004) also stated that to create and sustain the true customer loyalty, it is vital that the companies should have a single window of the customer across the organization, besides having a sensitive and actionable profit of each customer and his/her evolving needs. In many ways, the CRM is the operational face of the one-to-one movement. The CRM also bears the business philosophy required to accomplish the one-to one marketing vision.

## 2.5.6. Customer Satisfaction

Customer satisfaction depends on the products perceived performance relative to a buyer's expectation. If the products performance falls short of expectations, the customer is dissatisfied. If performance matches expectation, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted (Kotler and Armstrong, 2002).

As Buttle, (2009) stated that customer satisfaction can be defined as the customers fulfillment responses to a customer experience, or some part thereof. Customer satisfaction is a pleasurable fulfillment response. Dissatisfaction is an un pleasurable fulfillment response.

Customer satisfaction is a key factor in formation of customers desire for future purchase (Mital and Kamakura, 2001). Furthermore, the satisfied customer will probably talk about to others about their good experience. Although satisfaction has been defined as the difference between expectation and performance, but there are difference between quality and satisfaction. For example, (Parasuraman et al., 1991) say that satisfaction is decision made after experience while quality is not the same.

## 2.5.7. Tools of effective complaint handling

According to Barlow et.al, (2008) there are several keys when handling a compliant;

- **Thank the customer for complaining-** you should consider yourself lucky that the customer is prepared to give up their time and money to let you know they have a problem, instead of just walking away.
- **Say that you are sorry** that the problem has happened.
- **Put yourself in the place of the customer-**this will instantly gives you an advantage, as you not only will have more empathy, but also you know your business better than them and can see the solution quicker.
- Start with a view that **the customer has a valid point**, not that they are trying to rip you off- it is true that there are some professional complainers out there.
- **Get all the facts first-** letting the customer give you all of the information helps you fully understand the situation.



- **Correct the mistake-** don't leap strait to the "free gift" route. This can lead to more complaints about the same thing in the future because the problem hasn't been fixed.
- **Make sure that your definition of the right fix** is the same as the customer.
- **Learn from every complaint-** Do something fix the process; train staff in the issue; eliminate the fault.
- **Minimize reasons for complaints-** do you have a continuous improvement culture? Do you check customers and employee satisfaction regularly? Do you check the quality of the goods sold in your organization?
- **Always respond-** make sure that everyone who complains on the telephone, by letter or by email gets a rapid and appropriate response.
- **Listen to your staff-** they nearly always care about your company and doing a good job. They are also much more closer to the customers than you. Ask their views regularly and make changes when they are sensible. Make sure their complaints are handled too.
- **Lead by example-** its not that your staffs don't listen to what you say, its that they do listen, so make sure that you are always setting the right example, and giving complaints your personal priority. Reward good complaints handling.

More over Balaji, (2005) stated that there are ten shortened guide lines for effective problem resolution:

1. Act fast
2. Admit your mistake don't be defensive
3. Show that you understand problem from each customers point of view
4. Don't argue with the customer
5. Acknowledge the customer feelings
6. Give customer the benefit of the doubt
7. Clarify the steps needed to solve the problem
8. Keep customers informed or progress
9. Consider compensation
10. preserving to regain customer goodwill

## **CHAPTER THREE**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This part of the research paper deals with presentation, analysis and interpretation of the collected data through questionnaires and interviews from Shama plc customers and from marketing & sales department manager. The research study tried to investigate the CRM practice of shama plc from customers point of view as well as from the head of marketing & sales department.

To make this research paper representative questionnaire were distributed to customers of Shama plc that is found at Piassa, 4kilo and Abyot branch. Out of 200 copies of questionnaires distributed 186 (93%) has been filled out thoroughly and returned so the analysis is presented based on the responses gathered from customers. Interview was conducted with the company's marketing & sales department manager.

The data which was gathered through close ended questions was analyzed in percentage and presented in tables followed by detail explanation and critical interpretation of the data that is made to show implication of major findings. And the data which was gathered through open ended questions and interviews was narrated to support the finding of quantitative once.

This chapter has two parts, the first part deals with the Analysis of General Characteristics of the Respondents and the second part deals with the Analysis of the Major Research Findings.

### 3.1 Analysis of Respondents General Characteristics

**Table 1 General Characteristics of Respondents**

<b>Item No</b>	<b>Item</b>	<b>Description</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
1.	Gender	A. Male	104	55
		B. Female	82	44
		<b>Total</b>	<b>186</b>	<b>100</b>
2.	Age	A. 18-27	39	21
		B. 28-37	72	39
		C. 38-47	48	26
		D. > 47	27	14
		<b>Total</b>	<b>186</b>	<b>100</b>
3.	Educational Status	A. 12 complete	14	8
		B. Diploma	66	35
		C. Degree	79	42
		D. Masters and above	27	15
		<b>Total</b>	<b>186</b>	<b>100</b>

As it is illustrated in the above table in item number 1 out of 186 respondents 104 (55%) found to be males and the rest 82 (44%) of them are found to be females. This implies that most of the respondents were males.

In relation to age category item number 2 of the same table shows that 39 (21%) of the respondents lay in the age of 18-27, 72 (39 %) of them are between the age of 28-37, and 48 (26%) of the respondents are aged 38-47, and the rest 27 (14%) of the respondents are above the age of 47. The finding from the age profile shows the greater respondents lay in the age of 28-37 and it implies they are matured and responsible for giving adequate information for the research.

The last item number 3 which is presented in the same table describes the educational status and from total respondents 14 (8%) of them completed 12<sup>th</sup> grade, 66 (35%) of them were diploma holders, 79 (42%) of the respondents were degree holders, and the rest 27 (15%) were masters and above. On the basis of the above data most of the respondents are degree holders. This educational status of respondents implies that they are educated and expect more from the company with regard to company's offer and other business related issues.

### 3.2 Analysis of Major Findings

**Table 2 Respondents period of stay as customer**

<b>Item No</b>	<b>Item</b>	<b>Description</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
1.	Respondents period of stay as Customer	A. < 1 year	51	27
		B. 1-5 years	85	46
		C. 6-10 years	30	16
		D. > 10 years	20	11
		<b>Total</b>	<b>186</b>	<b>100</b>

As it can be seen from the above table concerning for how long respondents have been customers of the company, 51 (27%) were a customer for less than 1 year, 85 (46%) of the respondents were customers for 1-5 years, 30 (16%) were a customer for 6-10 years, and the rest 20 (11%) were a customer for more than 10 years. As it shows most respondents' period of stay with company are 1-5 years which implies they know the company very well and they can talk about the company besides the very least number of respondents which is 20 (11%) implies the company couldn't hold or keep its customers for a longer period of time.

**Table 3 Company's identification of customer's needs**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
2.	The company identifies customer's needs when offering books for sell.	A. Strongly agree	10	5
		B. Agree	19	10
		C. Neutral	-	-
		D. Disagree	85	46
		E. Strongly disagree	72	39
		<b>Total</b>	<b>186</b>	<b>100</b>

As it is shown in table 2 concerning identification of customers needs when offering books for sell, 10 (5 %) and 19 (10 %) of the respondents strongly agree and agreed that their needs are identified by the company when books are offered for sell, while 85 (46 %) and 72 (39 %) out of 186 respondents disagree and strongly disagree that their needs are considered. Majority of the respondents 157 (85%) disagreed about the need identification of the company when offering books for sell. This implies that the company doesn't give more concern about the needs of customers when dealing with them and when offering books for sell.

Customers also pointed out that the company should offer the most wanted books as well as the more needed category of books on a timely base. Besides it is rare that we get what we want.

**Table 4 Sales person's performance**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
3.	How do you rate the sales person's performance in customer handling?	A. Very good	14	8
		B. Good	74	39
		C. Neutral	89	48
		D. Bad	9	5
		E. Very bad	-	-
		<b>Total</b>	<b>186</b>	<b>100</b>
4.	How do you rate the knowledge of sales peoples in providing information?	A. Very good	25	13
		B. Good	38	20
		C. Medium	78	42
		D. Poor	35	19
		E. Very poor	10	6
		<b>Total</b>	<b>186</b>	<b>100</b>

In table 4 item number 3 regarding the sales person's performance in customer handling, among the respondents 18 (10%) and 74 (39%) of them said that the sales person's have very good and good customer handling performance, 85 (46%) of them were neutral, and 9 (5%) out of 186 respondents replied that the sales person's have bad customer handling performance. From the above data it can be concluded that 46% of the respondents are neutral that they couldn't see the sales person's customer handling performance to conclude as good or bad. Most of the time neutral is considered as negative.

Based on table 4 item 4 indication about the knowledge of sales peoples in providing information, among 186 respondents 25 (13%) and 38 (20%) of them replied very good and good, 78 (42%) of the respondents said that sales peoples have medium knowledge in providing information, and the rest 35 (19%) and 10 (6%) replied that the sales person's have poor and very poor knowledge in providing information for customers. Majority of the respondents 42% replied the sales persons have medium knowledge. This implies that salesperson's medium knowledge should be enhanced and customers should be provided with better knowledge. In addition to this because most of the customers are degree holders, the employees should have better knowledge than their customers.

The manager responded that previously the company has been giving training for employees for quite some time on a predetermined time interval but not these times.

**Table 5 Company's better performance on CRM**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
5.	On which area of CRM the company's performance is better?	A. Customer handling	29	16
		B. Complaint handling	36	19
		C. Employees motivation on job	82	44
		D. Communication with customers	39	21
		<b>Total</b>	<b>186</b>	<b>100</b>

As it can be seen from the above table regarding the company's better performance on CRM, 29 (16%) of the respondents replied customer handling, 36 (19%) out of 186 respondents said complaint handling, 82 (44%) of them replied employee's motivation on job, and the rest 39 (21%) respondents said communication with customers is better CRM performance of the company. This result implies that majority of the respondents concluded that the company's better performance on CRM is employees motivation towards their job. And a well motivated employee can make a difference on the overall performance of the company as well as achievements of its objectives.



Few customers suggested that it seems unfair for them to choose one from the given choices because they think that the company is not performing better on any of the given choices.

**Table 6 Opinions on what the company lacks in practicing CRM.**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
6.	What do you think that the company lacks in practicing CRM?	A. Keeping promises	38	20
		B. Handling customers	61	33
		C. Contact with customers	40	21
		D. Lack of Communication	47	26
		<b>Total</b>	<b>186</b>	<b>100</b>

As facts show in the above table respondents gave their opinion on what the company lacks in practicing CRM, out of 186 respondents 38 (20%) said the company lacks keeping promises, 61 (33%) of them said customer handling is the problem of the company, 40 (21%) of the respondents replied that the company lacks contact with customers, and the rest 47 (26%) said communication is what the company lacks in practicing CRM. From this data one can conclude that respondents are not happy on the customer handling practice of the company. If customers are not happy it is possible that they may shift to a competitor who handle customers effectively and who performs better on CRM.

Respondents also suggested that it would be better if the company develops its own website so that it could be easy for both customer and company to interact and enhance the overall CRM practice of the company.

From the interview response the manager said "since our activity is mainly related with importing books, to satisfy our customers, the whole import procedure as well as the different environmental factors that hinder the movement are the challenges we face when dealing on CRM".

**Table 7 Company's relationship with customers**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
7.	How do you evaluate the company's relationship with you?	A. Very good	15	8
		B. Good	18	10
		C. Neutral	75	40
		D. Bad	48	26
		E. Very bad	30	16
		<b>Total</b>	<b>186</b>	<b>100</b>

With regard to the company's relationship with customers, 18 (10%) and 15 (8%) out of 186 respondents relationship with the company is very good and good, 75 (40%) of the respondents are neutral, 48 (26%) and 30 (16%) of them replied that they have bad and very bad relationship with the company. Among the respondents on this issue 42% of them feel that their relationship with the company is not good. This implies a customer with bad thought about his relationship with the company may not be loyal to that company.

Some of the customers also suggested that it's hard for them to believe that they have relationship with the company at all. They thought the company does not care about the relationship.

According to the interview the managers responded "Even if they are not too much we have some customers who have good relationship with us. We contact and invite them whenever we have book reading session".

**Table 8 Customer relationship improvement**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
8.	How do you rate the customer relationship improvement in the company?	A. Very strong	-	-
		B. Strong	28	15
		C. Neutral	59	32
		D. Poor	52	28
		E. Very poor	47	25
		<b>Total</b>	<b>186</b>	<b>100</b>

From the above table 8 which present the improvement of customer relationship in the company, 28 (15%) of the respondents said the customer relationship improvement is strong, 59 (32%) responded they are neutral, and the rest 52 (28%) and 47 (25%) of the total respondents replied that the improvement of customer relationship in the company is poor and very poor. This simply indicates that there is poor customer relationship improvement in the company. Even if there is CRM program in the company the improvement or the overall activity on CRM is poor and invisible for customers to witness about it.

Customers also said that they did not notice any customer relationship improvement in the company within their stay as being a long time loyal customer. They just see the company as it was before regarding CRM.

According to the marketing manager's response the company's current factor for improvement on CRM is facing a shortage of manpower who handles the CRM issues effectively. In addition to this the manager added "We have plan to start from the scratch and we'll identify where exactly our problem lays then we'll work hard on those issues".

**Table 9 Company's communication with all customers**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
9.	The company has close communication with all customers?	A. Strongly agree	-	-
		B. Agree	5	3
		C. Neutral	70	38
		D. Disagree	81	43
		E. Strongly disagree	30	16
		<b>Total</b>	<b>186</b>	<b>100</b>

As it's shown in the above table 9 concerning the company's close communication with all customers, 5 (3%) of them agreed, 70 (38%) of the respondents are neutral, while the rest 81 (43%) and 30 (16%) of the respondents disagree and strongly disagree that the company has close communication with all customers. From the above data since more than 50% of respondents disagree on the issue, one can conclude that there is no close communication with all customers. This shows without a close communication with customers it is very hard for a company to identify, understand and to meet those customer's needs and wants.

**Table 10 Customers satisfaction towards current CRM performance**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
10.	I am satisfied with the company's current overall customer relationship management performance.	A. Strongly agree	-	-
		B. Agree	28	15
		C. Neutral	47	25
		D. Disagree	65	35
		E. Strongly disagree	46	25
		<b>Total</b>	<b>186</b>	<b>100</b>

As it is depicted from the above table regarding the respondents satisfaction towards the current overall CRM performance, out of 186 respondents 28 (15%) of them agreed that they are satisfied, 47 (25%) of them are neutral, and the rest 65 (35%) and 46 (25%) of the total respondents disagree and strongly disagree that they are satisfied with the company's current overall CRM performance. This implies 60% of respondents are not satisfied and since they are not satisfied their being loyal to the company and other similar issue will be under question.

Some of the respondents suggested that they need more stronger and deeper relationship with the company and they believe the company should do better on such issues.

As the manager replied "We're not that much perfect on practicing CRM, but we're striving to improve our performance on CRM an it will change very soon". In addition to this the manager also said "We do believe that regarding CRM the level of our performance, in the near future would be enhanced to the stage of creating a very close satisfactory relationship with potential and profitable customers".

As Kotler and Keller, (2012) pointed out; a company must insure total customer satisfaction. If these keys to success are achieved, it will become a profitable and sustainable company.

**Table 11 Opinions on becoming a regular customer**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
11.	I would become regular customer if the company provides:	A. Better customer service	40	21
		B. Better complaint handling	43	23
		C. Better communication	46	25
		D. Offer based on my need	57	31
		<b>Total</b>	<b>186</b>	<b>100</b>

According to the information on table 11 concerning respondents becoming a regular customer to the company, 40 (21%) of the respondents would become regular customer if they are provided with better customer service, 43 (23%) of them would be loyal if their complaints handled well and better, 46 (25%) of them replied better communication with the company would make them regular customer, and the rest 57 (31%) of the total respondents would become regular customer if and only if the company provides and offers based on their need and interest. This simply means if customers get what they need from the company they become a regular customer to that company. From this one can conclude that an offer which bases need and interest of customers would create customer loyalty and satisfaction.

As (kotler and Armstrong, 2002) stated the two fold of goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction.

Some of the customers suggested that they would be regular customer if the company provides all the choices mentioned on the questionnaire, in addition to that if the company set's lower price for books, if it offers more variety best sell books on different categories, more quantity of demanded books and offer the books on time when needed.

**Table 12 Keeping promises when processing ordered books**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
12.	How do you evaluate the company in delivering its promise when processing ordered books?	A. Very good	-	-
		B. Good	27	14
		C. Neutral	78	42
		D. Bad	68	37
		E. Very bad	13	7
		<b>Total</b>	<b>186</b>	<b>100</b>

As it is described in the above table 12 regarding the delivery of promise when processing ordered books, out of 186 respondents 27 (15%) of them said the company's delivery promise is good, 78 (42%) of the respondents are neutral, which could mean they have never order books at all, and the rest 68 (37%) and 13 (7%) of the total respondents replied that the company is bad and very bad in delivering its promise when processing ordered books. From the above data it could be concluded that 44% of respondents replied that the delivery promise is bad and 42% of them were neutral which could mean they have never order books and they just buy what is available for sell. When delivery and demand or supply and demand couldn't go together dissatisfaction occurs.

Customers also suggested that the exact delivery time should be known in advance and should be communicated with those who order them if the books are not in our hands when we need them and if they came late we may not have interest on them anymore.

From the interview response the manager said "to keep our promise there are situations which are out of our control, especially when books are ordered by customers and when facing those situations it becomes hard to for us to keep our promises".

**Table 13 Loyalty and met demand**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
13.	I am very much loyal to the company because it meets my demand.	A. Strongly agree	10	5
		B. Agree	10	5
		C. Neutral	57	31
		D. Disagree	62	34
		E. Strongly disagree	47	25
		<b>Total</b>	<b>186</b>	<b>100</b>

As depicted in the above table 13 regarding customers loyalty to the company because of their met demand, 10 (5%) and 10 (5%) of the respondents strongly agreed and agreed that they are loyal because the company could meet their demand, 57 (31%) out of 186 respondents are neutral on the issue, and the rest 62 (34%) and 47 (25%) of the respondents disagree and strongly disagree that they are loyal to the company due to identified and met demand. On the basis of the above data it can be concluded that 59% of respondents disagreed about their loyalty to the company because the company could meet their demand.

As the manager said “we do believe customers would remain loyal if they are offered with better overall service. And since we have plan to do better on CRM we hope we would keep them loyal”.

As Manzie, (2004) stated; loyal customers are easier to do business with, and are more predictable, and don't carry the expense associated with attracting new customers.



**Table 14 Company's image in the minds of customers**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
14.	Compared to competitors the company (Shama) has build good image in the minds of customers through CRM?	A. Strongly agree	80	43
		B. Agree	69	37
		C. Neutral	37	20
		D. Disagree	-	-
		E. Strongly disagree	-	-
		<b>Total</b>	<b>186</b>	<b>100</b>

As table 14 signify when we compared the company's image in the minds of customers with regard to competitors, out of 186 respondents 80 (43%) and 69 (37%) of them strongly agreed and agreed that the company has build good image in the minds of customers through CRM, and the rest 37 (20%) of them are neutral on this issue. From the above data one can say that the majority 80% of the respondents agreed on the company's good image. Building good image could be beneficial competitive advantage for a company. In addition to this, through good image the company could be benefited by good word of mouth which could also put the company on top from other competitors.

Some of the customers suggested that the good image of the company should be considered as input for further improvement with all activities the company engaged in. Some of them also added that only having a good name and image doesn't guarantee success it should be incorporated with other series aspects of customer relationship management activities.

According to Cakim, (2010) word-of-mouth plays in the mix of information sources consumers rely and trust as they make everyday decisions. Among the sources consumers trust, traditional media channel such as TV, Radio, News Paper and Magazines trail behind word-of-mouth.

**Table 15 Complaint handling and response**

<b>Item No</b>	<b>Item</b>	<b>Scale</b>	<b>No of Respondents</b>	<b>Percentage (%)</b>
15.	The company provides convenient system for customers in forwarding their complaints.	A. Strongly agree	3	2
		B. Agree	8	4
		C. Neutral	20	11
		D. Disagree	85	46
		E. Strongly disagree	70	38
		<b>Total</b>	<b>186</b>	<b>100</b>
16.	How do you rate the company's method of providing solution for your complaint?	A. Very good	9	5
		B. Good	18	10
		C. Fair	28	15
		D. Unfair	43	23
		D. Bad	51	27
		E. Very bad	37	20
		<b>Total</b>	<b>186</b>	<b>100</b>
17.	How quick the company gives timely response for your complaint?	A. Very quick	-	-
		B. Quick	12	6
		C. Medium	42	23
		D. Late	50	27
		E. Very late	37	20
		F. No response	45	24

		<b>Total</b>	<b>186</b>	<b>100</b>
18.	I am satisfied with the compensation I received from the company?	A. Strongly agree	12	6
		B. Agree	18	10
		C. Neutral	50	27
		D. Disagree	58	31
		E. Strongly disagree	48	48
		<b>Total</b>	<b>186</b>	<b>100</b>

As it is presented in the above table item number 15 concerning the company provides convenient system for customers in forwarding their complaints, from 186 respondents 3 (2%) and 8 (4%) responded strongly agree and agree that there is a convenient complaint forwarding system, 20 (11%) of them were neutral, and the rest 85 (46%) and 70 (38%) of the respondents disagree and strongly disagree that the company provides convenient system for customers in forwarding their complaint. From this one can conclude that there is no convenient system for customers to forward their complaints. If so they might simply shift to competitors without notifying the company about their complaints.

Some customers also suggested that if their complaints not handled well they will shift accordingly to other competitors. And some of them suggested they would give second chance for the company before shifting to others.

Item number 16 which is presented in the same table regarding the company's method of providing solution for complaints, out of 186 respondents 9 (5%) and 18 (10%) of them said the methods are very good and good, 28 (15%) of the respondents replied it is fair, while 51 (27%) and 37 (20%) responded the method of providing solution is bad and very bad, and the rest 43 (23%) of the response on the company's method of providing solution were unfair. This implies that the company's method of providing solution for customer complaints is bad which may create customer switching because of dissatisfaction.

Some customers also said that they really don't think there is complaint handling department in the company.

As shown in the same table item number 17 concerning the timely response of the company for complaints, out of 186 respondents 12 (6%) of them said the response is quick, 42 (23%) respondents replied medium, 50 (27%) and 37 (20%) of the respondents replied that the time of response for complaint is late and very late, and the rest 45 (24%) of them answered no response. This means that majority of the respondents received late response for their complaints. Within this late period customers may be disappointed and switch to other competitors or they may spoil the image of the company by unpleasant word-of-mouth.

The last item on the same table 15 describes customer's satisfaction towards the received compensation from the company, among the 186 respondents 12 (6%) and 18 (10%) of them replied strongly agree and agree, 50 (27%) of the respondents are neutral, and the rest 58 (31%) and 48 (26%) of them replied disagree and strongly disagree that they are satisfied with the compensation they received from the company. From the above data one can conclude that the compensation given by the company couldn't create customer satisfaction. Since the compensation couldn't create satisfaction it could be resulted into customer switching.

From the interview response as the manager replied "There are different types of complaints and there are different methods of handling those complaints. It depends on the type of complaint raised from the customer. Some complaints may be solved right away but some can't and take more time to solve".

Zeithmal and Bitner (2004) pointed out that, when customers take time and effort to complain, they expect to be helped quickly, they expect to be compensated for their grief and for the hassle of being inconvenienced and they expect to be treated nicely.

## **CHAPTER FOUR**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

This chapter deals with the summarized highlights of the study, conclusions drawn and the recommendations made on the basis of findings.

#### **4.1 SUMMARY**

This study intended to assess customer relationship management (CRM) practice in Shama plc. The quantitative assessment using questionnaire was made with one hundred and eighty six (186) sample customers. Therefore the findings are summarized as follows.

- From the total number of respondents the majority 55% of them found to be males. And most of the customers 39% were found in the age of 28-37. Regarding educational status of respondents majority of the respondents which is 42% are degree holders. And as the responses made by customers out of the total respondents 46% of them were a customer of Shama plc for 1-5 years.
- In relation to the company's identification of customers' needs when offering books for sale, from the total respondents more than 80% of them disagreed on the issue of company's identification of customers' needs when offering books for sale.
- Regarding the sales person's performance in customer handling and their knowledge in providing information for customers, among the total respondents 48% of them responded the sales people's performance in customer handling were neutral, and regarding their knowledge 42% of them replied that sales persons have medium knowledge in providing information to customers.
- Concerning the company's performance on the area of CRM most 44% of the respondents replied that employee's motivation towards their job is the company's better performance on the area of CRM. With regard to what the company lack in practicing CRM out of the total respondents 33% of them replied that customer handling is the problem of the company regarding practicing CRM.

- In relation to the company's relationship with customers, 42% of respondents said the relationship they have with the company is not good. Customers with such bad relationship thought may not be loyal to the company at all. And relating to the company's close communication with all customers, more than 50% of respondents replied that there is no close communication with all customers. In addition to this, Concerning the customer relationship improvement in the company, respondents even if they spent more time with the company they did not notice any kind of improvement on customer relationship issue. Majority 53% of them replied the improvement is poor.
- As evidenced from their response about their satisfaction with the current overall CRM performance of the company, 60% of respondents were not satisfied about the current CRM performance.
- Regarding their opinion on becoming a regular customer of the company, out of the total respondents 31% of them would become a regular customer if and only if the company offers a product based on their need and interest. And concerning the respondents' loyalty to the company because of met demand, out of the total respondents more than half 59% of them couldn't dare to say they are loyal to the company. Since they are not loyal they may shift to competitor companies.
- In relation to the company's performance in delivering its promises when processing ordered books, 47% of the total respondents replied keeping delivery promise in the company is not good. And 42% of them were neutral on the issue which could mean they have never order books and they just buy what is available for sell.
- As evidenced from their responses regarding the company's image in the minds of customers, almost all 80% of them agreed that the company has created good image in the minds of customer. Having a good image a company could be benefited through great word of mouth which could place the company on top from competitors.

- With regard to company's performance on complaint handling and response methods, 84% of them disagree that there isn't even a convenient system for customers to forward their complaints. And regarding the method of providing solution for complaint 47% of them said the method of providing solution is bad and in addition to this the same amount of respondents also said there is late response for raised complaints. In relation to their satisfaction for the compensation they received from the company 79% of the respondents were not satisfied with the compensation. Such poor performance on complaint handling and response methods creates customer dissatisfaction. As a result unsatisfied customers might simply shift without notifying the company about the dissatisfaction.

## 4.2 CONCLUSIONS

With reference to the results discussed above the following conclusions are drawn.

- ❖ As it can be seen from the research result majority of customers needs were not identified and not considered deeply by the company when offering books for sale. But identifying the needs and wants, preference and likes of customers is the very basic issue and it's among the major factors to be considered while implementing CRM in any company.
- ❖ According to customers' response, sales people's performance in customer handling is poor. On the other hand sales peoples have medium knowledge in providing information to customers.
- ❖ Based on customer's response, the company's better performance on the area of CRM is the employee's motivation on their job. And regarding the company's problem in practicing CRM majority of them observed a problem in customer handling.
- ❖ Based on the study, customers relationship as well as the communication they have with the company is not good. In addition to this according to the study customers within their stay with the company couldn't notice any improvement in the company regarding customer relationship.
- ❖ From customers response most of them are not satisfied with the company's current over all CRM performance.
- ❖ As the research study declares customers would become a regular customers if they are specifically offered product based on their need and interest. In addition to this as per the research findings customers are not loyal because the company couldn't meet their demand.



- ❖ Based on customers response the company has poor performance in delivering and keeping its promise when processing ordered books.
- ❖ Even if customers are not satisfied with most activities of a company regarding CRM, the image they have about the company is totally positive and very good. And from the information of the study the company is able to create a very good image in the minds of customers.
- ❖ Based on the research result, it could be concluded that the company's complaint handling and response method is poor and not preferred by the majority of respondents. Starting from the system of complaint forwarding method to the final problem resolution (compensation) step the entire performance is poor and could not create satisfaction for customers who complain. Whenever customers raised a complaint and if they get a quick, appropriate and considerable response they might be more satisfied than before. And without any doubt satisfied customers would tell others about the positive situations of that event.

### **4.3 RECOMMENDATION**

According to the majority that have been discussed and said so far the following points are recommended by the student researcher.

- The company should begin with the very basic factor which is identifying potential and profitable customers and conduct thorough identification of their needs and wants with regard to the company's offer. Then try its very best to meet those demands and create value and satisfaction for customers. In the meanwhile through this need identification activity the company should create a close long lasting relationship and communication with customers. In addition to this, a marketing offer which bases customers need and wants would result in customer loyalty and satisfaction. The company should also focus on attraction, retention and enhancement of customer relationship all the time.
- Since enhanced performance on CRM issues like; customer handling, complaint handling, creating and maintaining close relationship and communication with customers, keeping delivery promises....etc guarantees success for any company and could result in profitability and sustainability of the company, it is advisable that the company should work hard to enhance its performance on the general mentioned activities of CRM. For better achievement the company should also work in cooperation with the sales staffs by giving them adequate general customer handling training as well as special CRM related training and enabling them to handle CRM issues at their level. The company could make its improved performance be reflected on the ability of sales staffs when they serve customers.
- Whenever companies keep their customers satisfied with their offer, benefits such as customer loyalty, repeated and continued purchase, higher profit margin, positive word of mouth, long lasting relationship with customers and minimized cost of obtaining new customers.....etc are almost on their hands. To keep with such performance the company must clearly identify what make customers satisfied and what make them dissatisfied by communicating with customers. Keeping delivery promises, serving them in a friendly manner, keeping them informed that the company gives value for them are some of the actions that could

create satisfaction. Identifying the base for dissatisfaction will help the company to make an adjustment. As it's said a problem well identified is half solved.

- The company's positive and favorable image in the minds of customers should be used as a competitive advantage and needs to be kept, managed and maintained well.
- The student researcher also recommended that the company should create and maintain a better faster way for handling customer complaints. In addition to this there should be inviting and encouraging complaint forwarding system for customers to forward their complaints easily because there are professional complainers who participate and enable the company to fill unseen gaps through their complaints.